

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 3229 – SB 3536

April 22, 2010

SUMMARY OF AMENDMENT (017543): Deletes all language following the enacting clause. Defines “designated agent” as an owner, principal, officer or upper level manager of a vacation lodging service firm and replaces “firm licenses” with “vacation lodging service firm licenses” in Tenn. Code Ann. § 62-13-104(b). Adds handicap and familial status to list of prohibited causes for denial of licensure as a vacation lodging service firm. Effective January 1, 2011, establishes requirements for training programs as a condition for licensure and license renewal as a vacation lodging service and a designated agent. Prohibits the requirement of an examination for the issuance or renewal of a vacation lodging service firm license. Requires notification be provided to the Tennessee Real Estate Commission if a designated agent leaves a vacation lodging service firm and requires the firm to replace the designated agent within 60 days. Authorizes a designated agent to serve for multiple offices of the same firm within 50 miles of their principal office but prohibits service as designated agent for multiple firms. Requires vacation lodging service firms to provide proof of credit to the Commission by April 1 of each year and authorizes the Commission to impose a penalty for failure to do so. Authorizes the Commission to promulgate rules to implement this part.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease State Revenue - \$5,300/Tennessee Real Estate Commission
Decrease State Expenditures - \$5,300/Tennessee Real Estate Commission

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Revenue - \$16,900/FY10-11/Tennessee Real Estate
Commission
\$10,400/FY12-13 and Biennially Thereafter/
Tennessee Real Estate Commission**

**Increase State Expenditures – \$7,600/FY10-11/Tennessee Real Estate
Commission**

Assumptions applied to amendment:

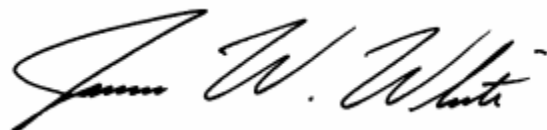
- According to the Department of Commerce and Insurance, there are currently 130 active vacation lodging service licensees. The number remains consistent from year to year.

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- Designated agent licenses will be valid for a period of two years. Initial license fee equals \$130 which includes a \$100 license fee and a one-time \$30 fee deposited into the Education and Recovery Fund provided for in Tenn. Code Ann. § 62-13-208. The license renewal fee is \$80.
- According to the Department, there is currently a requirement for vacation lodging services to designate an agent but that agent is not required to be licensed. This new licensing will create an estimated one-time increase in state revenue of \$16,900 (130 x \$130) in FY10-11.
- The estimated increase in state revenue for renewal licenses beginning FY12-13 and biennially thereafter is estimated to be \$10,400 (130 x \$80).
- There will be a one-time increase in state expenditures of \$7,600 which includes a rule-making hearing by the Real Estate Commission (\$5,000), upgrades to the RBS licensing system housed in the Division of Regulatory Boards (\$2,000), and creation of application documents, and mailing of notices to current licensees (\$600).
- According to the Department of Commerce and Insurance, there will be no recurring increase in state expenditures for the continued issuance and renewal of designated agent licenses.
- Pursuant to Tenn. Code Ann. § 4-3-1011, all regulatory boards are required to be self-supporting over a two-year period. As of June 30, 2009, the Commission had a positive balance of \$2,165,868.05.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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